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Contact: Carol Guthrie (Baucus) 202-224-4515
Steven Broderick (Rockefeller) 202-224-6101

SENATORS QUESTION TRUE VALUE OF MEDICAID LONG-TERM CARE PARTNERSHIPS

*New report indicates to Baucus and Rockefeller
that program may not aid Medicaid's financial health*

Washington, DC – U.S. Senators Max Baucus (D-Mont.) and John Rockefeller (D- W. Va.), today expressed concern that a government program originally designed to save Medicaid dollars on long-term care coverage may not actually be saving the program money. The senators' comments come following a report by the Government Accountability Office (GAO) that studied pilot programs in four states, which were designed to encourage individuals to purchase private long-term care insurance as a way to defray long-term care costs to Medicaid. If purchasers still needed long-term care after their benefits were exhausted, they could qualify for Medicaid while still protecting some or all of their personal assets. What the GAO found was that the program was unlikely to save Medicaid costs and that most individuals purchasing these products would have bought coverage on the private market anyway.

"This program was set up to address Medicaid's ailing financial health, but this fix doesn't appear to be what the doctor ordered," said Baucus. **"GAO's review indicates that Medicaid may be spending more, not less, for the Partnership program. At a time of scarce Medicaid resources and growing demand for long-term care services, we cannot afford to waste a single penny. Recent changes allowing more states to adopt partnership programs may have been too hasty, considering news reports that some long-term care insurers have not paid out promised claims. I'll work with my colleagues to monitor these programs' implementation, to safeguard Medicaid resources, and to protect the health and the pocketbooks of beneficiaries."**

"This report confirms what I have long-thought to be true – Long Term Care Partnerships will not lead to Medicaid savings," said Rockefeller. **"Instead of offering real protection for working Americans, these Partnerships are little more than a tax shelter for wealthy individuals who can use this to hide their assets. I regret that the Partnerships were expanded prior to the release of this report, but I look forward to Committee oversight hearings to determine what can be done to offer greater retirement security to all working families."**

The report, entitled "Long-Term Care Insurance: Partnership Programs Include Benefits that Protect Policyholders and Are Unlikely to Result in Medicaid Savings" can be found at www.gao.gov. Baucus requested the GAO report along with other members of the Finance Committee in 2005. The pilot programs examined in this investigation were set up in 2002. In 2005, the Deficit Reduction Act authorized all states to set up long-term care Partnership programs.

Baucus is Chairman of the Senate Finance Committee, and Rockefeller is Chairman of the Finance Subcommittee on Health Care. The Committee has jurisdiction over the Medicaid program.